

DISTRICT BUSINESS STUDY GROUP
MEETING NOTES
May 15, 2009

Place: District Office – Multipurpose Room, 5020 Franklin Drive, Pleasanton, California

Attending: Dave Fouquet
Gregory Daubenmire
Heidi Ulrech
Jack Mahrt
Jason Morris
Judy Hutchinson
Laurel Jones
Melinda Matsuda
Ming-Lun HO
Pedro RuizDeCastilla
Tim Nelson
Pushpa Swamy (non member)

The meeting was called to order at 12:30 p.m. by Lorenzo Legaspi, Vice Chancellor, Business Services. Mr. Lorenzo then discussed the following agenda items:

BUDGET IN BRIEF – GOVERNOR’S MAY REVISE

For the fiscal year 2009-10, the Governor provided two scenarios for the May Revise.

- a) If the special election propositions pass, there will be a deficit of \$15.4 billion. For the 2009-10 budget if the propositions passes there will be a \$21 million cut in categoricals. Growth will be reduced to 1% from 3%. The proposal calls for funding PE at the non-credit rate.
- b) If the propositions fail, the picture will be worse with a deficit of \$21 billion. There will be a \$122 million cut across the board in categoricals. Our enrollment share is 1.4% of all students in Community Colleges statewide including categoricals.

For K-12 and community colleges the current year range for Proposition 98 will be reduced by \$1 billion and for 09-10 the reduction will be \$2-\$3 billion depending on the election.

Dr. Pollard asked that given the two budget scenarios, personnel may be funded on soft money. If necessary, when can we anticipate starting the remedy across the District?

Mr. Leaps said that layoffs are governed by education code for example categorical programs need 45 days notice. Our tentative budget will have a contingency plan based on the most current information.

Mr. Leaps is hoping that this group will have discussion and provide recommendations to the Chancellor on the effects of the budget on the allocation model.

Dave Coquet suggested involvement of DEMC. He said that although this is only the May Revise, but we should make preparations. Mr. Leaps told the group that the DEMC committee is made of staff and faculty. The group is using the enrollment target and decides on faculty requirements.

Mr. Leaps said that the Governors May Revise will go through the regular budget process in Sacramento. This budget process could last until August or October but there is some sense of urgency and we can not afford to wait since the District is required by law to adopt a budget in September.

Dr. Laurel Jones asked that since we are in stability do we still have to make the enrollment target. Mr. Legaspi clarified that the District will be in restoration for 09-10. Dr. Pollard asked that if the propositions fail what will the State do for growth this year. Mr. Legaspi responded that the State will apply a deficit factor to apportionment.

He asked the group to share the budget information with their constituents and he will share it with the Board at Tuesday's meeting.

DRAFT TENTATIVE BUDGET

The 2009-10 tentative budget, based on the May Revise, has an ending balance of \$9,276,081. This includes the 5% reserve and leaves \$2.9 million undesignated funds.

Assumptions are that enrollment growth funding of 1.7% will drop by one third if the propositions fail.

On the District expenditures: Medical and Workers Comp premiums will increase this year.

Mr. Legaspi mentioned that Tim Nelson is conducting a feasibility study on energy savings for the Science buildings. It is a program that U.C. Monterey is currently using. Our science buildings drain large amounts of energy for ventilation and exhaust systems.

ACTUARIAL STUDY OF RETIREE HEALTH BENEFITS

The retiree health benefits are governed by the Government Accounting System Board. It requires us to cost out and report any Other Post Employee Benefits (OPEB). For that, we need to conduct an actuarial study. The study shows what needs to be accrued for future employees. This study shows that we have an unfunded liability of \$118 million. Dave Fouquet asked about the RUMBL funds. Mr. Legaspi said that the RUMBL funds have a balance of \$2.8 million.

MEETING CALENDAR

The June 12 meeting is moved to June 19th. It is important for everyone to attend the meeting as the tentative budget will be taken to Board at the June 23 meeting. At this point, we are looking at canceling the July and August meetings.